

## FUEL PRICES ROSE SIGNIFICANTLY

### Consumer price indices – inflation – May 2018

**Consumer prices in May increased by 0.5% compared with April. This development was influenced especially by higher prices in 'food and non-alcoholic beverages' and 'transport'. The year-on-year growth of consumer prices accelerated to 2.2%, which was 0.3 percentage points up on April.**

The **month-on-month** increase in consumer prices in 'food and non-alcoholic beverages' came from the rise in prices of vegetables by 7.7%, fruit by 4.7% and butter by 7.5% in particular. In 'transport', prices of fuels and lubricants for personal transport equipment went up by 4.2%. The average price of petrol *Natural 95* (CZK 32.01 per litre) and the average price of diesel oil (CZK 31.33 per litre) were the highest since August and July 2015, respectively. In 'alcoholic beverages and tobacco', prices of spirits and wine went up (both by 2.2%) and prices of tobacco products by 0.5%. In 'health', the price development was influenced by seasonal price increase of therapeutic stays at a spa by 6.5%.

The decrease in the overall consumer price level in May was caused by the price drop in 'clothing and footwear', where prices of garments and prices of shoes and other footwear dropped (both -0.6%). In 'recreation and culture', prices of package holidays went down by 0.5% in particular. In food, prices of non-alcoholic beverages were primarily lower by 1.0%, UHT semi skimmed milk by 3.9%, eggs by 3.8% and sugar by 4.2%.

Prices of goods in total and prices of services went up (0.5% and 0.4%, respectively).

In terms of the **year-on-year** comparison, in May, the consumer prices increased by 2.2%, i.e. 0.3 percentage points up on April. The acceleration in the year-on-year price rise occurred especially in 'transport', where prices of fuels and lubricants for personal transport equipment turned from a decrease by 0.4% in April to the rise by 4.9% in May. In 'food and non-alcoholic beverages', the year-on-year price growth accelerated as well. Prices of butter were higher by 19.0%, (10.1% in April), fruit by 5.4% (3.2% in April). Vegetable prices turned from a decline by 11.7% in April to the increase by 2.5% in May, where prices of potatoes slowed down their drop to -15.1% (-25.1% in April). In 'miscellaneous goods and services', prices of personal care were higher by 3.1% (2.4% in April), and prices of insurance by 5.0% (4.7% in April). A slowdown in the year-on-year growth of prices occurred in 'alcoholic beverages and tobacco', where prices of alcoholic beverages were higher by 3.5% (4.2% in April).

The biggest influence on the growth of the y-o-y price level in May came, as before, from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing rose by 2.9%, water supply by 1.8%, sewage collection by 1.3%, electricity by 2.8%. Next in order of influence were prices in 'food and non-alcoholic beverages', where prices of yoghurts increased by 11.6%, y-o-y, eggs by 11.0%, margarine and other vegetable fats by 6.8%. In 'alcoholic beverages and tobacco', prices rose by 3.6%. The rise in the price level came also from prices in 'transport' (an increase by 2.9%).

A reduction in the price level in May came from prices in 'communication', where prices of telephone and telefax services went down by 2.0% in particular. The drop occurred also in 'clothing and footwear' due to lower prices of garments by 2.6%. In 'housing, water, electricity, gas and other fuels', prices of natural gas decreased by 0.8% and prices of heat and hot water by 0.1%.

Prices of goods in total and services went up (1.8% and 2.8%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.0%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to May 2018 compared with the average CPI in the previous twelve months, amounted to 2.3% in May.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)**<sup>1)</sup> in the **EU28 member states** amounted to 1.4% in **April**, i.e. 0.1 percentage point down on March. The rise in prices was the highest in Romania (4.3%). On the other hand, the year-on-year drop occurred in Cyprus (−0.3%) and Ireland (−0.1%) in April. In Slovakia, the price increase accelerated to 3.0% in April (2.5% in March). In Germany, prices were higher by 1.4% (1.5% in March). According to preliminary calculations, the HICP in the Czech Republic in **May** rose by 0.5%, **month-on-month**, and by 2.0%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in May 2018** amounted to 1.9%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In May, in comparison with April, the overall consumer price level in households of pensioners rose by 0.4%. In 'transport', prices were higher by 1.1%. Prices of fuels and lubricants for personal transport equipment increased mainly in this division. In 'food and non-alcoholic beverages', the consumer price index went up by 0.9%. Prices of vegetables, fruit and butter were primarily higher. In 'health', prices went up by 0.8%. Prices of therapeutic stays at a spa were particularly higher. On the other hand, the decrease in prices by 0.5% occurred in 'clothing and footwear'. Prices of garments and shoes and other footwear decreased. In 'recreation and culture', prices went down by 0.1%. It was caused especially by lower prices of package holidays.

In the capital city of Prague, the overall consumer price index (cost of living) rose by 0.3%, month-on-month (0.5% in the Czech Republic). In 'health', the consumer price index was higher by 1.0% (0.7% in the Czech Republic). Prices of therapeutic stays at a spa rose in particular. In 'restaurants and hotels', Prague registered a higher price index by 0.7% (0.5% in the Czech Republic). Prices of accommodation services and prices in restaurants, cafés and dancing establishments were primarily higher in this division. On the other hand, in 'food and non-alcoholic beverages', the consumer price index decreased by 0.3% (a growth by 1.0% in the Czech Republic). Prices of poultry and tea were mainly lower. In 'communication', consumer prices went down by 0.2% (−0.2% in the Czech Republic as well). Prices of telephone and telefax services and prices of mobile telephone equipment influenced the price reduction in this division.

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Starting from January 2018, the consumer price indices are calculated on the base of new introduced ECOICOP classification (European Classification of Individual Consumption by Purpose), which introduces a more detailed breakdown in the consumer basket. This change occurs according to the Regulation (EU) 2016/792 of the European Parliament and of the Council. The structure of publisher indices remains unchanged.

Starting from January 2018, the consumer price indices are counted on updated weights, which are determined on the base of household expenditure in 2016. These indices are chained at all levels of the consumer basket with the base period average of 2015 = 100. Thereby, a continuation of the existing index time series, from which indices to other bases are derived (previous month = 100, corresponding period of the previous year = 100 and annual rolling average, i.e. the average of index numbers over the last 12 months to the average for the previous 12 months) is ensured.

You can find the new consumer basket on CZSO web pages: [consumer basket](#).

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<sup>1)</sup> Imputed rentals are excluded from the HICP.